

## Market Commentary

**Recap:** The oil market posted an inside trading day on Wednesday as it held on to Tuesday's gains on a strong demand growth forecast from OPEC and later sold off as increasing U.S. crude inventories weighed on market sentiment. The oil market traded mostly sideways and rallied higher early in the session to a high of \$78.76, as it remained well supported by the OPEC forecast of global oil demand increasing by 2.25 million bpd in 2024 and by 1.85 million bpd in 2025. However, the market sold off sharply following the release of the EIA's petroleum stocks report, which showed a larger than expected build in crude stocks of over 12 million barrels on the week. The market breached its previous low of \$76.87 as it extended its losses to over a \$1.20 and posted a low of \$76.61 ahead of the close. The March WTI contract ended the session down \$1.23 at \$76.64 and continued to trade lower, posting a new low of \$76.38 in the post settlement period. Meanwhile, the April Brent contract settled down \$1.17 at \$81.60. The product markets also ended the day lower, with the heating oil market settling down 8.58 cents at \$2.8101 and the RB market settling down 7.77 cents at \$2.3169.

**Technical Analysis:** The crude market on Thursday will likely remain in a sideways trading range as it weighs the supportive demand growth forecasts and concerns over the situation in the Middle East against the inventory reports showing large builds in crude stocks. The market is seen finding support at its low of \$76.38, \$75.96, \$75.54, \$75.09 and \$74.22. More distant support is seen at \$73.56, \$73.23, \$72.38 and \$71.41. Meanwhile, resistance is seen at \$78.00, \$78.77 and \$79.29. More distant resistance is seen at \$79.56 and \$80.08.

**Fundamental News:** The EIA reported that U.S. crude oil stocks increased in the week ending February 9<sup>th</sup> while gasoline and distillate inventories fell as refining dropped to the lowest levels since December 2022. Crude inventories increased by 12.0 million barrels to 439.5 million barrels in the week to February 9<sup>th</sup>. Refinery crude runs last week fell by 298,000 barrels per day to 14.54 million bpd and refinery utilization rates fell by 1.8 percentage points to 80.6% of total capacity. Refinery rates in the Midwest fell by 12 percentage points in the past week to 83.1%, also the lowest since December 2022.

Iraq's Prime Minister Mohammed Shia al-Sudani told Saudi Arabia's Energy Minister Prince Abdulaziz bin Salman in a meeting on Wednesday that it was important for the two countries to align their views to maintain stability in the oil market. A statement from the office of Iraqi premier also said he welcomed the entry of Saudi companies into Iraq and that he discussed expanding economic cooperation with Saudi Arabia.

S&P Global Commodities at Sea continues to report that no diesel or gasoil cargoes have been loaded in India for shipment to Europe since January 26<sup>th</sup>, as key supplier Reliance has been shipping cargoes eastward instead to avoid the problems in the Red Sea.

Iraq's Oil Ministry said Iraq will review its oil production and address any excess output above its OPEC+ voluntary cuts in the coming four months, if found.

Kazakhstan's Energy Ministry said the country will compensate for its oil overproduction in January within the next four months in line with its OPEC+ commitments.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.9 million bpd of capacity in the week ending February 16<sup>th</sup>, increasing available refining capacity by 9,000 bpd. Offline capacity is expected to fall to 1.4 million bpd in the week ending February 23<sup>rd</sup>.

**Early Market Call - as of 8:30 AM EDT**

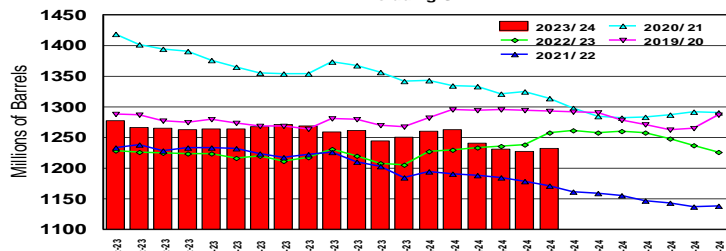
WTI - March \$76.51, down 13 cents  
 RBOB - March \$2.3023, down 1.46 cents  
 HO - March \$2.7977, down 1.24 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-24	2.8101	-0.0858	-0.0051
Apr-24	2.7547	-0.0738	0.0122
May-24	2.6784	-0.0652	0.0168
Jun-24	2.6185	-0.0586	0.0191
Jul-24	2.5926	-0.0560	0.0230
Aug-24	2.5759	-0.0544	0.0236
Sep-24	2.5685	-0.0533	0.0200
Oct-24	2.5633	-0.0521	0.0148
Nov-24	2.5517	-0.0501	0.0105
Dec-24	2.5327	-0.0474	0.0073
Jan-25	2.5165	-0.0450	0.0051
Feb-25	2.4966	-0.0421	0.0022
Mar-25	2.4717	-0.0394	0.0004
Apr-25	2.4419	-0.0360	0.0005
May-25	2.4193	-0.0334	0.0013
Jun-25	2.4000	-0.0317	0.0013
Jul-25	2.3870	-0.0303	0.0011

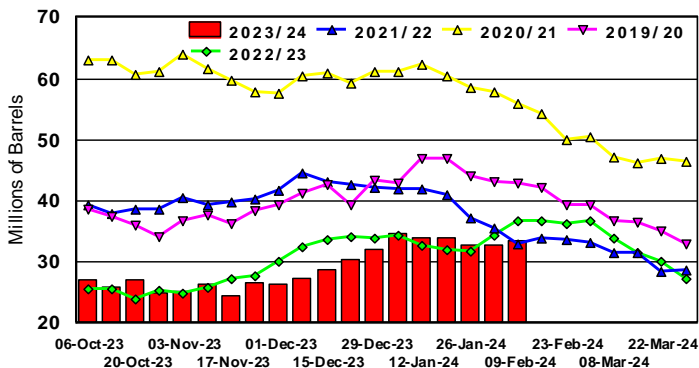
Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	Mar Brent- WTI Spread \$5.24	\$76.3600	-\$1.2000
Crude - Brent		\$81.6000	-\$1.1700
Natural Gas		\$1.6090	-\$0.0800
Gasoline		\$2.3169	-\$0.0777

### Total U.S. Oil Stocks Excluding SPR



## Weekly EIA Petroleum Status Report for the Week Ending February 2, 2024

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Up 12.018 million barrels  
 Cushing, OK Crude Stocks Up 710,000 barrels  
**Gasoline Stocks** Down 3.658 million barrels  
**Distillate Stocks** Down 1.915 million barrels  
**Refinery % Operated** 80.6%, down 1.8%

### PADD #1

	Week Ending Feb 2, 2024	Week Ending Jan 26, 2024	Week Ending Feb 3, 2023
Distillate Stocks (in million bbl)			
New England	5.0	4.9	4.6
Central Atlantic	16.4	15.6	16.7
Total PADD #1	33.4	32.7	36.6
Distillate Imports (thousands b/d)	117	113	197